

Communications Overview

△ DEFENDANT △	United States District Court Northern District of California
	Case No. <u>4:20-cv-05640-YGR</u>
	Case Title <u>Epic Games, Inc. v. Apple, Inc.</u>
	Exhibit No. <u>DX-3933</u>
	Date Entered _____
	Susan Y. Soong, Clerk
	By: _____, Deputy Clerk

Core Messaging Overview

Epic Direct Payment, a new choice for purchasing, provides savings of up to 20% on Google Play, the App Store, and the Epic Games launcher and app.

Key Benefits:

- **Savings of up to 20%** on all V-Bucks and real-money limited time offers.
- A **new payment option** from Epic Games, available on Google Play, the App Store, and the Epic Games launcher and app.
- Savings are **automatically applied** for all console purchases.

Communications Landscape

Tech Beat Reporters

- Cover Apple/Google as their primary job.
- When it comes to large company versus large company, they defer to Apple/Google.
- Includes TechCrunch, The Next Web, Ars Technica, The Verge, 9to5 Mac, etc.

Mainstream Reporters

- Interested only in major stories with regards to Apple / Google.
- Are interested in the facts, but still have heavy direct ties to Apple / Google.
- Will follow-up with additional reporting only when decisions are made.

Apple/Google

- Gen Z and Millennials (18-34) consider both among top 5 most innovative companies.*
- Generally positive sentiment, but Apple in particular has an established, loyal fan base who is willing to advocate on behalf of the company.

Epic Games

- **Pro-Epic:** Includes players who love Fortnite and are invested in the game. Includes developers and publishers who believe in Epic's cause for more fair revenue share.
- **Anti-Epic:** Skeptical PC gaming audience who feels threatened by Epic's challenges to their established hierarchy.

*Ypulse Brand Report, May 2019

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Communications Challenges

1. Apple and Google are the Entrenched Incumbents

- **Tech Beat Reporters Default to Apple/Google:** In a battle between large, successful companies, we must shift the narrative to "Apple/Google versus the player" and "Apple/Google versus the developer".
- **Epic is not a Sympathetic Figure:** Epic is seen as a successful major company earning billions of dollars a year, and is not seen by press and players as an immediate sympathetic figure in a royalty share battle.

2. High Likelihood for an Extended Battle

- **Apple/Google Will not Break Immediately:** We must assume that the defensive response from Apple/Google will be a multi-month or year effort.
- **Mainstream Reporters will Move On:** In a protracted battle between Epic and Apple/Google, mainstream press will only report on the initial salvo until further decisions or major developments have transpired.
- **Prepare to Sustain the Attack:** Our strategy needs to apply consistent pressure from multiple angles with a repeatable and malleable offensive attack. One company versus another on a policy issue is one dimensional and not sustainable.

3. Apple's Ability to Remove Access to Fortnite is a Major Risk

- **Harsh Negative Sentiment:** If Apple were to block access, Epic could face a major negative backlash among players. Android players have an alternative.
- **Avoid Paragon Scenario:** Where possible, we want to avoid a Paragon situation where players are unable to access Fortnite on a particular platform for an extended period, and Epic is forced into a refund situation with players.

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Communications Strategies

1. Emphasize Payment Savings go Direct to Players

- **Epic is Fighting for the Player:** Communications efforts must lead with the clear savings benefits for players thanks to Epic Direct Payment versus entrenched and unfair payment platforms from Apple and Google to avoid an "Epic is Greedy" narrative.
- **Empower Players to Advocate:** Create easy communication vehicles for players to advocate their pro-savings stance on social channels and to government authorities.

2. Build a Coalition of Developers

- **Create a Coalition:** Formally establish a working organization to advocate on behalf of our policy issues ("Remove the tax!") that represents a broad coalition of small developers, fan App favorites, and major entertainment and tech companies.
- **Sustain Attack from Multiple Voices:** Consistently apply pressure after the initial salvo from Epic that includes perspectives from not just the gaming space, but from software developers across the App ecosystem.
- **Amplify Policy Changes that Align with Epic:** Continue the narrative by amplifying policy updates that might not normally get coverage, highlighting use-case stories that demonstrate the impact of these unfair ecosystems, and

3. Avoid Paragon Situation

- **Look to Limit Exposure with Apple:** Players on iOS in particular are vulnerable to Apple disabling access to Fortnite. We should consider a deployment strategy that limits Apple's ability to deny access to players, knowing we can proceed with confidence on Android because we can provide an alternative.
- **Make-Goods and Refunds May be Needed:** If we go all-in with Apple, we will need to be ready with short-term make good and long-term refund scenarios.

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Communications Timeline

Phase 1-3	Reaction	Proposed Messaging
1) Launch of Epic Direct Payment	<ul style="list-style-type: none">• Sentiment will be largely positive.• Players and press will highlight 20% savings.• Sentiment will be negative in certain regions where Epic Direct Payment is unavailable.	<ul style="list-style-type: none">• Lean into player savings as the primary benefit and secondarily payment choice.• Need to avoid exposing ourselves to hypocrisy comments with regard to our position on Epic Games Store exclusives.• Must be clear that console savings are automatically applied to all players.
2) Build Updates Blocked	<ul style="list-style-type: none">• Sentiment will be positive to neutral as long as players can continue to play on their devices.• Tech Beat Reporters will begin speculating around the potential legal battle that looms.	<ul style="list-style-type: none">• Emphasize that Epic Direct Payment offers players greater savings and choice in how Fortnite content is purchased.• As we enter a public legal battle, state that we believe Apple/Google do not have the legal right to deny players these savings.
3) Game Fully Blocked or Stale From No Updates	<ul style="list-style-type: none">• Free players (55% on iOS) will react negatively to being blocked from the game (no benefit).• Paid players (45% on iOS) may understand the benefit to the battle (20% savings), but will also be blocked from playing something they love, creating mixed sentiment.	<ul style="list-style-type: none">• Emphasize that savings from the new payment system would have gone direct to the player but Google and Apple have blocked this.• If we are entering a protracted battle, we will enter into a Paragon situation: need to offer refunds for all Apple/Google users as they can no longer play the game.

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Coalition Overview

1. Establish a 501c4 Organization to Advocate on Behalf of Our Policy Issues

- **Work with Established Providers:** Partner with an agency from public affairs to help manage the organization. This will take one to two months to get started, and require \$80K - \$100K to get the coalition funded.
- **Create a Broad Coalition:** We need to fight with our friends. Epic is not sympathetic, but for all of the developers that suffer from these attacks, they are sympathetic. This includes all of our gaming and app partners who are losing out due to unfair platform/pricing practices.

2. Define our Cause

- **Create our Policy Points:** Work with the agency to create a list of advocacy points. "Get rid of the tax!" along with some additional issues to avoid a one-dimensional argument.
- **Research Positions and Support them with Media:** Work with the coalition to develop polls to help establish our position (Are prices too high? Do players care about developers?), then run ads to help generate awareness around our positions.

3. Create the Sustain Campaign

- **Seed the Press Cycle from Alternate Perspectives:** Now we're not the only voice in the cycle, and the conversation is much larger. When it comes to the press, that results in more neutral to positive coverage.
- **Amplify Policy Developments:** Move the conversation from a one-dimensional legal battle to something bigger. The coalition is in a position to advocate for these stories over and over. Talk about the developments of any individual member or policy.



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Press and Player Sentiment if the Game is Blocked

In this scenario, players on Apple/Google are blocked from the app. Examples of **pro-Epic** messaging will be:

- **Epic Fights for the Players and Developers:** Epic's battle against store monopolies means greater savings for players via Epic Direct Payment and greater rewards for developers with the Epic Games Store.
- **The App Store, Google Play and Steam are Anti-Consumer Monopolies:** Epic has proven that a better model exists that removes the middle man and creates a more fair ecosystem for players and developers.
- **Saving Money is Good:** Epic's actions have a clear player benefit. Google and Apple's stance does not.

Examples of **anti-Epic** messaging will be:

- **Epic Thinks they are Special:** Players and gaming press will point out that Epic thinks the rules should not apply to us. [Does Epic really think they're special?](#)
- **Epic is Greedy:** Some players will think that Epic only seeks to profit off of Epic Direct Payment. Why else would we be implementing a new payment system? [Why does Epic need more money?](#)
- **Players are Pawns in Epic's Battles:** Any new negative consequences for players (e.g. no longer able to play, or additional friction in their experience) will be seen as Epic's fault for pushing this cause and they were given no choice in the matter.
- **Apple/Google Own the Platform:** "We welcome any developer that recognizes the value of Google Play and expect them to participate *under the same terms as other developers*." (Google's December 2019 response to press)



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Case Study: Google Play Sentiment

Incident	Sentiment	Sample Reactions
Fortnite will Bypass Google Play for Android (8/3/18)	<ul style="list-style-type: none">SpikeTrap Sentiment: 44/100 [MIXED]Heavy debate on whether or not Epic can be successful on Android without the support of the Play Store.	<ul style="list-style-type: none">The Verge: "...the announcement marks a bold departure from the widespread industry practice of using mobile operating system makers like Apple and Google for app distribution."Anti-Epic: "This is literally the worst possible solution, forcing customers to allow installation of APKs from unknown sources."Pro-Epic: "Wait, so you think that one of the biggest games in history, at the height of its popularity, and likely the single most anticipated Android game launch, will be a flop because it isn't on Google Play?"
Google Denies Fortnite an Exemption to 30% policy (12/9/19)	<ul style="list-style-type: none">SpikeTrap Sentiment: 9/100 [NEGATIVE]High negativity and cynicism directed towards Epic.	<ul style="list-style-type: none">The Verge: "Epic and Google are in a standoff over Fortnite"Anti-Epic: "So basically Epic discovered the cost/benefit of requiring Android users to sideload their game wasn't working out as planned versus having it in the store, but they still don't want to play by the same rules that everyone else has to."Pro-Epic: "Epic doesn't get to bully every company they want into giving them more money. I'm all for them having their own store. Go for it! But beyond that, meh."
Fortnite Releases on Google Play (4/21/20)	<ul style="list-style-type: none">SpikeTrap Sentiment: 50/100 [MIXED]Mixed sentiment that Epic "gave up" begrudgingly in their fight against Google.Full sentiment report here.	<ul style="list-style-type: none">The Verge: "Epic says it's doing so because Google puts third-party software at a disadvantage by warning users of potential security issues..."Anti-Epic: "I've been on Epic's side in this little tiff, but to brush off security measures designed to prevent people from installing any old malicious APK they get from Totally-Legit-Cracked-APKs-123.cc so flippantly is extremely irresponsible."Pro-Epic: "Epic giving up after 18 months tell me less about Google's anti-competitive practices and more about how difficult it is to build an ecosystem."

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